

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Annual Winter Meeting
of the National Governors Association (NGA)**

Canada–United States Inter-Parliamentary Group

**Washington, D.C., United States of America
19–22 February 2016**

Report

DELEGATION MEMBERS AND STAFF

From 19–22 February 2016, Senator Janis Johnson, Senate Co-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the annual winter meeting of the National Governors Association (NGA) in Washington, D.C. The other members of the delegation were Senator Wilfred Moore, Q.C., Vice-Chair, Mr. John Brassard, M.P. and Mr. Randeep Sarai, M.P. The delegation was accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

In addition to the NGA’s winter meeting, Senators Johnson and Moore attended a Resources for the Future Policy Leadership Forum at which Québec Premier Philippe Couillard spoke on the topic of “Leadership on Climate Change: How Québec and States are Leading on Global Challenges.”

THE EVENT

Founded more than a century ago when President Theodore Roosevelt gathered state governors in order to discuss the nation’s resources, the NGA is the collective voice of U.S. governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that represents the governors on Capitol Hill and before the U.S. Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA, which meets in the winter and summer each year, is supervised by a chair, vice chair and nine-person executive committee, and governors participate on five issue-related standing committees – Economic Development and Commerce, Education and Workforce, Health and Human Services, Homeland Security and Public Safety, and Natural Resources – and, on occasion, on special ad hoc bipartisan committees and task forces. At the 2016 winter meeting, each of the five standing committees held a session, and plenary sessions were also held.

The theme for the NGA’s activities in 2016 – including the winter and summer meetings – is “States: Finding Solutions, Improving Lives.” This initiative has been selected by NGA Chair Utah Governor Gary Herbert.

DELEGATION OBJECTIVES FOR THE EVENT

Members of the IPG’s Canadian Section have been attending the winter and summer meetings of the NGA for several years. At this meeting, delegates spoke with a number of governors, including Governors Kate Brown (Oregon), Jack Dalrymple (North Dakota), Dennis Daugaard (South Dakota), Mark Dayton (Minnesota), Mary Fallin (Oklahoma), Bill Haslam (Tennessee), Maggie Hassan (New Hampshire), Gary Herbert (Utah), John Hickenlooper (Colorado), David Ige (Hawaii), Jay Inslee (Washington), Dannel Malloy (Connecticut), Jack Markell (Delaware), Jay Nixon (Missouri), Gina Raimondo (Rhode Island), Brian Sandoval (Nevada), Peter Shumlin (Vermont), Bill Walker (Alaska) and Tom

Wolf (Pennsylvania) . In particular, in their discussions with the governors, members of the Canadian Section focused on such issues as the nature and value of the trade relationship between Canada and their state. They also spoke with the U.S. Department of the Interior's Secretary Sally Jewell, who was a presenter at the Natural Resources Committee's meeting.

At the meeting's opening session, Governor Herbert recognized the presence of the delegation from the IPG's Canadian Section at the meeting.

Their interactions with governors and others enable members of the IPG's Canadian Section to achieve better the aims of finding points of convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the NGA meetings provide the members of the Canadian Section with an important means by which to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the Canadian Section's attendance at the winter and summer meetings will continue.

ACTIVITIES DURING THE EVENT

The 2016 winter meeting of the NGA included the following sessions:

- The State of the U.S. Economy: Are We Headed Into Recession? (Opening Plenary Session)
- Striking a Balance: Governors and Jobs in a Changing Economy (Economic Development and Commerce Committee)
- Joining Forces Before the Next Storm (Homeland Security and Public Safety Committee)
- State Innovation in Conservation and Resource Management (Natural Resources Committee)
- Strengthening Partnerships to Address the Nation's Opioid Crisis (Health and Human Services Committee)
- States Attracting Companies and Investment: What Do Firms Care About? (Plenary Session)
- Implementing the Every Student Succeeds Act (Education and Workforce Committee)
- States: Finding Solutions, Improving Lives (Closing Plenary Session).

This report summarizes key points that were made at the plenary and selected committee sessions.

THE STATE OF THE U.S. ECONOMY: ARE WE HEADED INTO RECESSION?

Joseph Lake, *The Economist Intelligence Unit*

- There is much speculation that the United States is headed toward another recession; that said, the country is stronger than it has been in a decade and is strong from a global perspective.
- U.S. companies have retained earnings that are not being invested but could be once companies feel that conditions are favourable, households have manageable levels of debt, the unemployment rate is relatively low and government finances – federal, state and municipal – are sounder than in the recent past.
- The United States' central bank has increased its policy interest rate, which is unique among central banks in the developed world.
- The risks to the United States' economic outlook are rising, with concerns about the state of the country's manufacturing sector and the stock market, which had its worst start to a year on record.
- The risk of a recession in the United States in 2016 is about 20%; the key question is the date on which the next recession will start, rather than if the recession will occur, as the country is in the sixth year of a business cycle expansion and a recession generally happens every five years.

Mark Finley, *BP America Inc.*

- The global price of oil collapsed because of historic levels of oil production by countries that are not members of the Organization of the Petroleum Exporting Countries, including by the United States in recent years.
- Oil production is exceeding the demand for oil; inventories of oil and refined oil products are at record levels, and are continuing to grow.
- The demand for oil is expected to increase in the latter half of 2016, but oil inventories will not become depleted.
- The shale revolution has redefined the countries that are considered to be energy-producing states.
- Regarding shale, what is “above ground” – including the investment climate and the environment of innovation – may be more important than what is “below ground.”
- The U.S. supply chain for energy is nation-wide.

Gail Foster, *The GailFoster Group LLC*

- U.S. banks, which are facing high capital requirements, are not lending as much as would have been the case in the past.
- Financial shocks can create a recession even when all other economic indicators are sound; the United States should expect a financial shock to occur no later than 2018.
- Instead of increases and decreases in the level of employment, job creation and job destruction should be the focus.

- In the United States, the employment system needs to improve; there are currently 3 million job openings that are not being filled.
- A recession in the United States is likely to occur by 2018.

Ethan Harris, *Bank of America Merrill Lynch*

- Domestic challenges to the U.S. economy have faded; there has been some wage growth, U.S. banks are sound and governments are rehiring workers who had been laid off.
- Some small and medium-sized companies are having difficulty filling jobs because job applicants have the wrong skills.
- More technical training should occur.
- There is a need to invest in infrastructure, which is like a rainy day fund for the long term.
- The risk of a recession in the United States in 2016 is about 25%; there is a 50% risk of a recession within the next three years.

Dan White, *Moody's Analytics*

- During the recent recession, state actions had significant ripple effects throughout the economy.
- The jobs that have been gained since the last recession are not of the same "character" as the jobs that were lost during the recession.
- In 2008, states were generally ill-prepared for a recession of any size; they need to begin to prepare now for the next recession.
- For states, the spending impacts of a recession are as important as the revenue impacts.
- State budgets are currently more sensitive to changes in the business cycle than they were 15 to 30 years ago; the same can be said regarding tax revenues, which are subject to greater fluctuations now than in the past.
- For states, personal income taxes are both a very volatile, and the most important, source of revenue.
- A state's rainy day fund should be equivalent to 8.5% of its general expenditures, rather than the 4.5%-5.0% that is the current average.
- The risk of a recession in the United States is between 20% and 25% in 2016, and 100% over the next three years because 2016 is the sixth year of business cycle expansion.

STRIKING A BALANCE: GOVERNORS AND JOBS IN A CHANGING ECONOMY

Jeffrey Finkle, *International Economics Development Council*

- The United States continues to be an important place in which to do business.
- Core issues that should be a focus at this time include community resilience and innovation, attracting foreign direct investment, and economic opportunities and equity.
- Changing demographics in the United States and the advent of the “new economy” heighten the need to cope with disparities.
- Workforce development is crucial for U.S. competitiveness in the “new economy.”
- Investor and business demands need to be balanced with equity issues.
- Catastrophic events are devastating U.S. communities, and natural and manmade disasters are occurring with increased frequency.
- Innovative ideas for economic recovery can lead to a more resilient “economic base.”

Kevin Plank, *Under Armour*

- From a business perspective, one goal may be to give people something they did not know they needed and, once they have it, they cannot figure out how they lived without it.
- Entrepreneurs should “pay it forward.”
- Entrepreneurship is one of the United States’ greatest assets.
- “Brand” is about people.
- Businesses should be focused on how they will respond as their “competitive landscape” changes.

STATE INNOVATIONS IN CONSERVATION AND RESOURCE MANAGEMENT

Secretary Sally Jewell, *U.S. Department of the Interior*

- Natural systems serve as a protective barrier.
- Successes in relation to sage grouse are the result of a comprehensive, collaborative effort.
- Conservation must be balanced with development.
- Federal and state governments can work together in a number of areas, including the following:
 - national parks;
 - public lands;
 - endangered species;

- resilient landscapes;
 - invasive species; and
 - energy reform.
- The United States' National Park Service, which will be 100 years old in August 2016, provides a valuable service.
 - The United States' national parks "drive" economies throughout the United States, including through tourism.
 - Approximately 65% of the land mass of Alaska, comprising 222 million acres, is owned and managed by the U.S. federal government as public lands, including national forests, national parks and national wildlife refuges.
 - Public lands belong to all Americans, and they should be properly managed and developed; unfortunately, they are often a source of conflict.
 - Improvements could be made to the United States' *Endangered Species Act*, including the incorporation of state science into a determination of whether a particular species will be listed.
 - Duck hunters want to protect wetlands, and wetland conservation and restoration are important.
 - The Prairie Pothole Region comprises thousands of shallow wetlands that are known as "potholes."
 - Climate change affects landscapes.
 - Wildfires, and determining how firefighting should be funded, are important issues.
 - Asian carp and zebra mussels are examples of invasive species that are affecting water; cheatgrass is an invasive species found on land.
 - In relation to invasive species, early detection and defence are important.
 - Energy should be developed in a safe and responsible manner, and with a view to managing energy resources for future generations.
 - It is possible to balance energy production with protecting the environment.
 - Regarding energy, efforts should continue in such areas as new technologies, conservation, offshore development and transmission.

STRENGTHENING PARTNERSHIPS TO ADDRESS THE NATION'S OPIOID CRISIS

Joanne Peterson, *Learn to Cope Inc.*

- The United States' opioid crisis is growing day by day, with an increasing number of deaths, and no one – not teachers, people, parents or others – was prepared for the crisis.

- The opioid crisis is affecting every community in every U.S state, and – in the United States – more people are dying from opioids than are dying from gun shots and automobile accidents.
- An opioid addiction can begin with something as simple as a prescription for a sports injury, and can then take over the person’s life and that of his/her family; that said, recovery from an opioid addiction is entirely possible, although treatment can continue throughout a lifetime.
- As part of a prevention strategy, addiction and the effects of opioids on the brain should be subjects of instruction in school.
- People can think that they are purchasing heroin, and may actually be buying 100% fentanyl; fentanyl can be deadly.
- Naloxone saves lives.
- Doctors should not prescribe an opioid without determining whether the patient is in recovery, whether his/her family has a history of addiction, etc.

Michael Botticelli, *Office of National Drug Control Policy*

- The United States’ opioid epidemic requires a complex, multi-faceted response; there is no silver bullet, federal-state cooperation and coordination are needed, and the country will not be able to “arrest and incarcerate” its way out of the crisis.
- Pain medications are being over-prescribed, and 70% of those who misuse such medications access their friends’ or family’s medications; drug disposal initiatives are needed.
- The United States’ Centers for Disease Control and Prevention is currently finalizing prescriber guidelines.
- In addressing the United States’ opioid crisis, there is a need to do the following:
 - Share data across state lines.
 - Expand treatment options.
 - Have a continuum of care, including prevention, rehabilitation and recovery.
- Anyone who is in a position to see someone overdose on an opioid should have access to naloxone; however, the cost of naloxone can be prohibitive.

Andrew Dreyfus, *Blue Cross Blue Shield of Massachusetts*

- Prescription drug monitoring programs can reduce “doctor shopping.”
- Physicians should consider non-narcotic treatment options first and, when narcotic treatments are used, the patient and his/her physician should have a plan to forestall addiction.

Patrice Harris, *American Medical Association Board of Trustees*

- The opioid epidemic in the United States is an urgent public health issue; since 1999, more than 250,000 Americans have died because of opioids.
- All physicians should use a prescription drug monitoring program to track a patient's prescribing history, access to multiple prescriptions, etc.
- Physicians should be educated about safe prescribing practices, and they should be judicious and deliberative when prescribing.
- Because many patients benefit from opioids, physicians should prescribe the lowest dose for the shortest period.
- As required, physicians should co-prescribe opioids and naloxone.
- Regarding the stigma associated with opioid addiction, the goal should be compassion and not judgment.

Dan Luce, *Walgreens*

- Safe drug disposal options are key to helping combat the United States' opioid crisis.
- Naloxone should be readily available; accessibility is the key to its success in saving lives.

STATES ATTRACTING COMPANIES AND INVESTMENT: WHAT DO FIRMS CARE ABOUT?

John Law, *McKinsey & Company, Inc.*

- States spend on incentives, research and development, transportation systems, higher education, etc. with a view to attracting businesses.
- Incentives can be used strategically as a business attraction tool.

Leslee Alexander, *Tennessee Department of Economic and Community Development*

- A state's economic development staff should speak with companies on an ongoing basis to identify their needs.
- States should develop attributes that are a comparative advantage for exports.
- Workforce development is important to businesses.

Frank Ervin III, *Magna International Inc.*

- When choosing where to locate, businesses consider such factors as proximity to their input suppliers, the extent to which the state will mitigate the capital investment that will be made by the company, research and development efforts within the state, the demographics of the area, the availability of workers with the rights skills, the artistic, cultural and recreational attributes of the community, etc.

- States should bring together all facets of businesses' needs – economic development officers, representatives of utilities and academic institutions, etc. – when businesses are contemplating a particular state as a possible location.
- Long-term tax credits are not effective, although credits can be used effectively in the short term to mitigate capital expenditures when a company is moving to a state.
- Taxpayers are seeking a return on the investment that they make in incentives.
- Efforts should be directed to engaging high school students about manufacturing jobs, and they should be told that the jobs are clean, high-tech, etc.

Jim Fraser, *Thales Group*

- Business site selection involves consideration of a variety of options.
- State-offered incentives and the quality of life for employees matter to companies when they are deciding where to locate.
- Federal, state and local governments, as well as educational institutions, need to work together on research and development.
- STEM – science, technology, engineering and mathematics – education is very important.

Donavon Johnson, *North Dakota Trade Office*

- Not all states will be a good fit for a particular business.
- States should “sell” their strengths, and should focus on “what they are” and the advantages that they can offer businesses in terms of a highly skilled workforce, an entrepreneurial environment, partnerships with academic institutions regarding research and development, capital assistance, etc.
- States and companies are partners; a company invests in a state and a state invests in a company, and both need the “right” return on investment.

Ann Pardalos, *Missouri Department of Economic Development*

- Each state should have an economic development strategy.
- A state's education and training efforts are critically important for attracting businesses; for them, ensuring that people have the technical skills needed for the jobs of the future is a consideration.
- Some states have economic development offices in other countries to identify business and investment opportunities, arrange governors' trade missions, etc.

IMPLEMENTING THE *EVERY STUDENT SUCCEEDS ACT*

Senator Lamar Alexander, *U.S. Senate*

- It is possible to have national goals without them being “D.C. goals.”
- Good teachers should be rewarded for teaching well.
- Good teachers should have more flexibility to “do what they do.”

Teresa Sullivan, *University of Virginia*

- Many students graduate with STEM degrees but lack the needed combination of skills.
- There is a growing need for all students to have “soft skills” in addition to technical skills.
- STEM advisory boards should be considered as curricula, infrastructure, internship opportunities, etc. are being developed.

Susan Lavrakas, *The Aerospace Industries Association*

- Employers should be active partners with colleges and universities.
- It is important to ensure that graduates have workforce-ready skills and competencies.

Sue Cui, *The Helmsley Charitable Trust*

- The ways in which teachers deliver STEM education should be improved.
- Many students are interested in the STEM fields but do not get a STEM credential.

STATES: FINDING SOLUTIONS, IMPROVING LIVES

Senator Lamar Alexander, *U.S. Senate*

- Legislators should identify an urgent need, develop a plan to meet that need and persuade 50% plus one of voters that the plan is correct.

Senator Mark Warner, *U.S. Senate*

- The focus should not be “big government” or “small government”; citizens want “efficient government.”

Senator Joe Manchin, *U.S. Senate*

- Legislators should work across party lines and learn from each other.

Governor Dirk Kempthorne, *American Council of Life Insurers*

- Unfunded federal mandates are problematic for states.
- There is strength in bipartisanship, and good public policy should be the focus of all legislators.

Respectfully submitted,

Hon. Janis G. Johnson,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Annual Winter Meeting of the National Governors Association (NGA)
DESTINATION	Washington, D.C., United States of America
DATES	19–22 February 2016
DELEGATION	
SENATE	The Hon. Janis Johnson The Hon. Wilfred Moore, Q.C.
HOUSE OF COMMONS	Mr. John Brassard Mr. Randeep Sarai
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 4,681.00
ACCOMMODATION	\$ 6,757.07
HOSPITALITY	\$ 0.00
PER DIEMS	\$ 1,741.09
OFFICIAL GIFTS	\$ 0.00
MISCELLANEOUS / REGISTRATION FEES	\$ 3,629.46
TOTAL	\$16,808.62